



Serial No.: 09/843,904  
Docket No.: 773919-0500

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**  
**BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

**APPEAL BRIEF**

Inventor(s)	:	Tracy A. Mahnken
Serial No.	:	09/843,904
Filing Date	:	April 27, 2001
Title	:	SYSTEM AND METHOD FOR ONLINE LEASING
Group/Art Unit	:	3691
Examiner	:	Olabode Akintola
Docket No.	:	773919-0500

Mail Stop Appeal Brief – Patents  
Commissioner for Patents  
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In accordance with the provisions of 37 C.F.R. § 41.37, Appellant submits this Appeal Brief in support of the Notice of Appeal filed September 10, 2007 and in response to the Notice of Panel Decision from Pre-Appeal Brief Review mailed on October 30, 2007. Please charge the \$510.00 fee for filing this Appeal Brief to our Deposit Account No. 19-4409.

Enclosed herewith is a Petition for Extension of time in which to file this Appeal Brief.

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**I. REAL PARTY IN INTEREST**

The real party in interest in the present appeal is the assignee, Homestore, Inc. The assignment was recorded at Reel 011768, Frame 0871 of the U.S. Patent and Trademark Office records.

**II. RELATED APPEALS AND INTERFERENCES**

There are no related appeals or interferences.

**III. STATUS OF CLAIMS**

Claims 1-24 are pending in the application. Claims 1 and 10-19 stand finally rejected under 35 U.S.C. § 103(a) as being obvious over U.S. Patent No. 6,049,784 to Weatherly et al. in view of U.S. Patent No. 7,024,397 to Donahue. Claims 2-9 and 20-24 stand finally rejected under 35 U.S.C. § 103(a) as being obvious over U.S. Patent No. 6,049,784 to Weatherly et al. in view of U.S. Patent No. 7,024,397 to Donahue and further in view of U.S. Patent Application Publication No. 2003/0101087 to Walker et al.

The present Appeal is directed to the rejection of claims 1-24, which are reproduced in the claims appendix attached hereto.

**IV. STATUS OF AMENDMENTS**

No claim amendments have been filed subsequent to the final rejection set forth in the Office Action mailed March 8, 2007.

## **V. SUMMARY OF CLAIMED SUBJECT MATTER**

Independent claim 1 is directed to a system for establishing a lease agreement between a first party and a second party and will be described with reference to Figs. 1-3 of the application. The lease agreement is established between a first party (e.g. consumer 30) and a second party (e.g. property manager 40) (page 4, paragraph 17; pages 6-7, paragraphs 26-31). The lease agreement is executed over a computer network 90 (page 4, paragraph 17; page 10, paragraphs 40-41). The system comprises: a listing module 120 configured to provide over the computer network 90 a list of units available for leasing (pages 10-12, paragraphs 44-51); a scoring module 130 configured to screen an applicant (pages 12-14, paragraphs 52-56); a leasing module 140 configured to provide a lease agreement and receive acceptance of the lease agreement over the computer network 90 (pages 14-16, paragraphs 57-65); and a payment module 150 configured to receive payment over the computer network 90 (page 16, paragraphs 66-68).

Independent claim 19 is directed to a method for establishing a lease agreement between a first party (e.g. consumer 30) and a second party (e.g. property manager 40), wherein the lease agreement is executed over a computer network 90 and will be described with reference to Figs. 1-8 of the application. The method comprises: providing over the computer network 90 to a first party 30 a list of units available for leasing (pages 10-12, paragraphs 44-51; pages 19-20, paragraphs 80-82); receiving over the computer network 90 from the first party 30 a request to lease a unit 206 (pages 20-21, paragraphs 84-85); screening the first party 30 based on information provided by the first party 30 over the computer network 90 (pages 12-14,

paragraphs 52-56; pages 21-22, paragraphs 86-90); compiling a lease agreement pertaining to the first party 30, a second party 40, and the requested unit (page 14, paragraphs 57-59); presenting the lease agreement over the computer network 90 (page 14, paragraphs 57-59; page 22, paragraph 91); receiving from the first party 30 acceptance of the lease agreement over the computer network 90 (page 14, paragraph 60; pages 23-24, paragraph 97); and receiving payment from the first party 30 over the computer network 90 (page 16, paragraphs 66-67; page 24, paragraphs 99-100).

Independent claim 24 is directed to a computer readable medium (e.g. main memory 356 and secondary memory 358 shown in Fig. 9) having stored thereon one or more sequences of instructions for causing one or more microprocessors 352 to perform the steps for establishing a lease agreement between a first party (e.g. consumer 30) and a second party (e.g. property manager 40), wherein the lease agreement is executed over a computer network 90. The steps for establishing a lease agreement comprise providing over the computer network 90 to a first party 30 a list of units available for leasing, comprising: a set of currently available units; and a set of prospectively available units (pages 10-12, paragraphs 44-51; pages 19-20, paragraphs 80-82). Then, receiving over the computer network 90 from the first party 30 a request to lease a unit (pages 20-21, paragraphs 84-85); receiving over the computer network 90 a set of demographic information pertaining to the first party 30 (pages 12-13, paragraphs 53-54; page 21, paragraph 87); scoring the first party 30 based on the demographic information (pages 12-13, paragraphs 52-54; page 21, paragraph 88); determining the suitability of the first party based on the score (pages 12-14, paragraphs 52-56; page 21, paragraph 88); compiling a lease agreement pertaining to the first party 30, a second party 40, and the requested unit (page 14, paragraphs 57-59); presenting the lease agreement to the first party 30 over the computer

network 90 (page 14, paragraphs 57-59; page 22, paragraph 91); receiving from the first party 30 over the computer network 90 acceptance of the lease agreement (page 14, paragraph 60; pages 23-24, paragraph 97); receiving from the first party 30 over the computer network 90 electronic payment information (page 16, paragraph 66; page 24, paragraphs 99-100); processing the electronic payment (page 16, paragraphs 67-68; page 24, paragraphs 99-100); providing a payment status to the first party 30 (page 16, paragraphs 67-68; page 24, paragraph 100); and presenting to the first party 30 a payment receipt upon successful completion of the electronic payment transaction (page 16, paragraphs 67-68; page 24, paragraph 100).

## **VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL**

The grounds of rejection to be reviewed on appeal are as follows:

1. Whether claims 1 and 10-19 are unpatentable under 35 U.S.C. § 103(a) as being obvious over U.S. Patent No. 6,049,784 to Weatherly et al. in view of U.S. Patent No. 7,024,397 to Donahue; and
2. Whether claims 2-9 and 20-24 are unpatentable under 35 U.S.C. § 103(a) as being obvious over U.S. Patent No. 6,049,784 to Weatherly et al. in view of U.S. Patent No. 7,024,397 to Donahue and further in view of U.S. Patent Application Publication No. 2003/0101087 to Walker et al.

## **VII. ARGUMENT**

1. **Claims 1 and 10-19 are not obvious over Weatherly in view of Donahue.**

The Examiner rejected claims 1 and 10-19 under 35 U.S.C. § 103(a) as being obvious over U.S. Patent No. 6,049,784 to Weatherly et al. ("*Weatherly*") in view of U.S. Patent No. 7,024,397 to Donahue ("*Donahue*").

Independent claim 1 is directed to a system for establishing a lease agreement between a first party and a second party, wherein the lease agreement is executed over a computer network. The system comprises: a listing module configured to provide, over the computer network, a list of units available for leasing (for example, MLS listings of rental properties); a scoring module configured to screen an applicant (for example, a credit or background check); a leasing module configured to provide a lease agreement and receive acceptance of the lease agreement over the computer network; and a payment module configured to receive payment over the computer network (for example, using a credit card or checking account information).

Independent claim 19 is directed to a method for establishing a lease agreement between a first party and a second party, wherein the lease agreement is executed over a computer network. Claim 19 has similar limitations as claim 1 and requires presenting the lease agreement over the computer network and receiving acceptance of the lease agreement over the computer network.

Thus, a potential tenant using the system of claim 1 or the method of claim 19 can, for example, in a single online session, view and select a desired rental unit, be approved for rental of the desired unit, view and accept a lease committing to rental of the unit, and pay any necessary deposits or fees, all online, without any physical transfer of lease or payment paperwork between the tenant and landlord.

*Weatherly*

*Weatherly* is directed to a method for creating and managing a lease agreement between a tenant and landlord by using a third-party intermediary. The third-party intermediary receives information about a potential tenant from a landlord (Col. 4, Lines 21-25), assesses what financial risk that tenant represents (Col. 4, Lines 34-65), and establishes a guaranty based on that risk (Col. 4, Line 66 to Col. 5, Line 3). The third-party intermediary then monitors (and/or receives) monthly payments from the tenant to the landlord to ensure prompt payment by the tenant (Col. 5, Line 14 to Col. 7, Line 67). The third party intermediary receives a portion of the monthly payment amount by the tenant to the landlord as compensation for the intermediary's guaranty and payment monitoring (Col. 1, Line 50 to Col. 2, Line 45).

As disclosed in *Weatherly*, the system implementing the method is not entirely online, nor entirely automated. Looking to FIG. 1 and the accompanying description (Col. 4, Line 12 to Col. 5, Line 14), the system of *Weatherly* includes a landlord computer 12 and a management (i.e., third-party intermediary) computer 14. The landlord, upon receiving data from the tenant, transmits the data across electronic link 16 to the management computer 14. Upon receipt of the data, the system can: generate a rejection letter 20 if fraud is detected in the application, generate a rejection letter 28 if the tenant's credit history is not suitable, or generate a lease document 32 for the tenant and a guaranty document 30 for the landlord. Note that the flow diagram symbols for rejection letters 20 and 28, lease document 32, and guaranty document 30 in FIG. 1 of *Weatherly* indicate that these are printed, physical pages generated and printed by the management computer 14.

*Weatherly* discloses that "[o]nce the landlord L has accepted both the tenant and the service product, an automated computer system will monitor the activity relating to the lease agreement and the service product for lease control and management." (Col. 5, Lines 10-13).

*Weatherly* also discloses that "the method of the present invention is essentially computer driven **once** the agreements have been executed and the accounts set up." (Col. 8, Lines 1-4 (emphasis added)). Therefore, *Weatherly* discloses a system which is computer automated only after the landlord has agreed to the terms of the lease and guaranty agreements.

*Donahue*

*Donahue* is directed to a method for negotiating the terms of a lease agreement using an online system. As described throughout *Donahue*, various lease terms are presented to the landlord and tenant, with each party being able to select and/or agree to specific lease terms. However, as in *Weatherly*, *Donahue* ultimately requires that original signature documents be printed and sent to the appropriate parties via "email, fax, or express mail" for "obtaining the actual signatures" (Col. 16, Lines 5-15).

A claimed invention is unpatentable as obvious "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103(a). "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR Int'l v. Teleflex Inc.*, 82 U.S.P.Q.2d 1385, 1395 (2007). The analysis supporting an obviousness rejection should be made explicit. *Id.* at 1396 (citing *In re Kahn*, 78 U.S.P.Q.2d 1329 (Fed. Cir. 2006) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness")). Further, if the prior art teaches away from the claimed invention, then the discovery of the claimed invention is more



likely to be nonobvious. *Id.* at 1395 (citing *United States v. Adams*, 383 U.S. 39, 40 (1966)), 1399.

Neither *Weatherly* nor *Donahue* disclose a system having a "leasing module configured to . . . receive acceptance of the lease agreement over the computer network", as required by claim 1 of the present application, or, as required by claim 19 of the present application, a method comprising "receiving from [a] party acceptance of the lease agreement over the computer network". The systems in *Weatherly* and *Donahue* do not allow for acceptance of the lease agreement over a computer network. Instead, *Weatherly* and *Donahue* both teach away from claims 1 and 19 of the present application by requiring printed signature documents as discussed above. As noted in *KSR*, because *Weatherly* and *Donahue* teach away from the invention claimed in claims 1 and 19, claims 1 and 19 are more likely to be nonobvious.

The Examiner states that *Weatherly* teaches a leasing module configured to provide a lease agreement and receive acceptance of the lease agreement at Col. 2, Lines 23-25 of the application (Office Action mailed on Mar. 8, 2007, pp. 2-3). The passage cited by the Examiner states:

It is further preferred that the present invention include the step, to be performed upon acceptance of the service product by the lessor and the lease agreement by the lessee and the lessor, as well as the lease control intermediary, of monitoring periodic lease payment activity by the lessee using the computer to determine whether periodic lease payment has been made by a predetermined date.

*Weatherly* at Col. 2, Lines 24-30. This passage does not disclose receiving acceptance of a lease agreement over a computer network. Instead, the passage discloses performing the step of monitoring lease payment activity using a computer *after* acceptance of the lease agreement by

the lessee, lessor, and lease control intermediary. The passage does not disclose computer acceptance of the lease agreement by the lessee, lessor, or lease control intermediary.

The Examiner also states that *Donahue* teaches providing a lease agreement and receiving acceptance of the lease agreement over a computer network at Col. 1, Lines 8-12 (Mar. 8, 2007 Office Action, p. 3). The passage cited by the Examiner states:

This invention relates generally to electronic commerce and the Internet. More particularly, the invention provides a method and apparatus for allowing two parties to negotiate and execute a real estate lease over a computer network such as the Internet.

*Donahue* at Col. 1, Lines 8-12. Even though this passage in the Background of the Invention section of *Donahue* states that the invention provides an apparatus for allowing two parties to execute a real estate lease over a computer network, there is no disclosure in the patent application of receiving acceptance of a lease agreement over a computer network. Instead, the only disclosure of receiving acceptance of a lease agreement is by transmitting tangible, printed documents and obtaining actual signatures on those documents.

The Examiner's reasoning supporting the obviousness rejection is flawed because neither *Weatherly* nor *Donahue* disclose a leasing module configured to provide a lease agreement and receive acceptance of the lease agreement over a computer network. The Examiner has not proffered any other rationale for supporting the obviousness rejection of claims 1 and 19. Further, both *Weatherly* and *Donahue* teach away from the invention of claims 1 and 19. Therefore, Applicant requests that the Board reverse the rejection of claims 1 and 19. Applicant also requests that the Board reverse the rejection of claims 2-18, which are dependent upon claim 1, and claims 20-23, which are dependent upon claim 19, because claims 1 and 19 are allowable.

**2. Claims 2-9 and 20-24 are not obvious over Weatherly in view of Donahue and further in view of Walker.**

The Examiner rejected claims 2-9 and 20-24 under 35 U.S.C. § 103(a) as being obvious over Weatherly in view of Donahue and further in view of U.S. Patent Application Publication No. 2003/0101087 to Walker et al. ("*Walker*").

Independent claim 24 is directed to a computer readable medium having stored thereon one or more sequences of instructions for causing one or more microprocessors to perform the steps for establishing a lease agreement between a first party and a second party, wherein the lease agreement is executed over a computer network. The steps for establishing the lease agreement include presenting the lease agreement to the first party over the computer network, and receiving from the first party over the computer network acceptance of the lease agreement.

*Walker*

*Walker* discloses a system for managing and optimizing revenue from rentals of multiple properties. The system of *Walker* is directed to property management companies, and applies numerous forecasting and projection rules to predict property availability and ensure that a maximum number of properties are rented at any given time (*see, e.g.,* Abstract of *Walker*). *Walker*, however, does not disclose any type of interactive system in which a potential tenant can access property listings or view and accept a lease agreement for property. More specifically, *Walker* makes absolutely no teaching, suggestion, or disclosure of presenting a lease agreement to a first party over a computer network, or of receiving from the first party over the computer

network acceptance of the lease agreement, as required in independent claim 24 of the present application.

As discussed above with respect to claims 1 and 19, neither *Weatherly* nor *Donahue* disclose a method in which a lease is accepted over a computer network, without the need for separate signature documents. And, as just discussed, *Walker* likewise makes no such disclosure. Therefore, the Examiner's reasoning supporting the obviousness rejection of claim 24 is flawed in the same manner as discussed above with respect to claims 1 and 19. For this reason, Applicant requests that the Board reverse the Examiner's rejection of independent claim 24.

#### Summary

Neither *Weatherly*, *Donahue*, nor *Walker* disclose a system or method in which a lease is accepted over a computer network, without the need for separate signature documents, as required in all claims of the present application. The Examiner's reasoning supporting the obviousness rejection of all claims of the present application is flawed because neither *Weatherly* nor *Donahue* disclose accepting a lease over a computer network. Both *Weatherly* and *Donahue* actually teach away from accepting a lease over a computer network because *Weatherly* and *Donahue* require printed signature documents. Additionally, *Walker* does not disclose accepting a lease over a computer network. Therefore, Applicant requests that the Board reverse the Examiner's rejection of claims 1-24.

### **VIII. CLAIMS APPENDIX**

See Claims Appendix (Pending Claims) attached hereto.

**IX. EVIDENCE APPENDIX**

None.

**X. RELATED PROCEEDINGS APPENDIX**

None.

Respectfully submitted,

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**CLAIMS APPENDIX**

1. A system for establishing a lease agreement between a first party and a second party, wherein the lease agreement is executed over a computer network, comprising:

a listing module configured to provide over the computer network a list of units available for leasing;

a scoring module configured to screen an applicant;

a leasing module configured to provide a lease agreement and receive acceptance of the lease agreement over the computer network; and

a payment module configured to receive payment over the computer network.

2. The system of claim 1, wherein the listing module is further configured to provide a vacancy forecast for prospectively available units.

3. The system of claim 2, wherein the listing module is further configured to provide a list of fees and deposits for each available unit and for each prospectively available unit.

4. The system of claim 1, wherein the scoring module screens the applicant based on a set of demographic information provided by the applicant.

5. The system of claim 4, wherein the scoring module further performs online credit checks.

6. The system of claim 5, wherein the scoring module further performs a real-time background check.

7. The system of claim 6, wherein the scoring module further allows a single application for multiple units.

8. The system of claim 7, wherein the scoring module is further configured to accept or deny the applicant.

9. The system of claim 8, wherein the scoring module is further configured to provide unit vacancy and yield management.

10. The system of claim 1, wherein the leasing module is further configured to provide a single or joint application lease.
11. The system of claim 10, wherein the leasing module is further configured to determine the security deposit.
12. The system of claim 11, wherein the leasing module is further configured to accept an electronic signature from the applicant.
13. The system of claim 1, wherein the payment module is further configured to accept an electronic payment.
14. The system of claim 13, wherein an electronic payment comprises a credit card payment, electronic funds transfer payment, or an online check payment.
15. The system of claim 14, wherein the payment module is further configured to send periodic billing statements, process periodic payments, and keep payment records for an established lease.
16. The system of claim 1, further comprising a commerce module configured to provide electronic services and information services to the applicant.
17. The system of claim 16, wherein the electronic services comprise stock quotes, bill payments, and third party transactions.
18. The system of claim 16, wherein the information services comprise concierge service and to-do checklist reminders.



19. A method for establishing a lease agreement between a first party and a second party, wherein the lease agreement is executed over a computer network, comprising:

providing over the computer network to a first party a list of units available for leasing;

receiving over the computer network from the first party a request to lease a unit;

screening the first party based on information provided by the first party over the computer network;

compiling a lease agreement pertaining to the first party, a second party, and the requested unit;

presenting the lease agreement over the computer network;

receiving from the first party acceptance of the lease agreement over the computer network; and

receiving payment from the first party over the computer network.

20. The method of claim 19, wherein the providing step further comprises:

providing a list of currently available units; and

providing a list of prospectively available units.

21. The method of claim 20, wherein the screening step further comprises:

receiving a set of demographic information;

scoring the first party based on the demographic information; and

determining the suitability of the first party based on the score.

22. The method of claim 21, wherein the receiving payment step further comprises:

- receiving credit card information from the first party;
- receiving payment approval from the first party;
- providing the credit card information to a credit card processor; and
- receiving a payment confirmation from the credit card processor.

23. The method of claim 22, further comprising the steps of:

- providing a payment status based on the payment confirmation; and
- presenting a payment receipt to the first party.

24. A computer readable medium having stored thereon one or more sequences of instructions for causing one or more microprocessors to perform the steps for establishing a lease agreement between a first party and a second party, wherein the lease agreement is executed over a computer network, the steps comprising:

- providing over the computer network to a first party a list of units available for leasing, comprising:

- a set of currently available units; and
  - a set of prospectively available units;

- receiving over the computer network from the first party a request to lease a unit;

- receiving over the computer network a set of demographic information pertaining to the first party;

- scoring the first party based on the demographic information;

- determining the suitability of the first party based on the score;

- compiling a lease agreement pertaining to the first party, a second party, and the requested unit;

presenting the lease agreement to the first party over the computer network;  
receiving from the first party over the computer network acceptance of the lease agreement;  
receiving from the first party over the computer network electronic payment information;  
processing the electronic payment;  
providing a payment status to the first party; and  
presenting to the first party a payment receipt upon successful completion of the electronic payment transaction.

**EVIDENCE APPENDIX**

None.

**RELATED PROCEEDINGS APPENDIX**

None.